

School Facility Program

Questions Regarding Financial Hardship Expiring

Revised June 2002

Q. Wondering what to do if the district is submitting new project applications within its six month financial hardship approval?

The district must be pre-approved prior to filing an Application for Funding, (Form SAB 50-04) for any subsequent phase (site/design/full funding) of a previously approved application, or any additional applications.

The OPSC will need the following to process the district's request for financial hardship approval on new applications:

- ▶ Financial Hardship Project Worksheet for each project the district is requesting financial hardship funding.
- ▶ Expenditure Reports—Forms SAB 184 and SAB 184A for each Financial Hardship Project Worksheet submitted. The expenditure reports should list all expenditures made on the project to date of application.

NOTE: If this is a subsequent phase of a previously approved project, the OPSC will not need expenditure reports, unless expenditures have not been reported for the phase requested). If there are no additional expenditures to report, please send a statement to this effect.

- ▶ Statement that there have been no significant transactions, such as bond passage.
- ▶ Listing of unused sites and their intended purpose if different than previously reported.

Q. Wondering what to do if the district's six-month financial hardship approval has expired?

The OPSC will need the following to process the district's request for renewal of its financial hardship approval:

- ▶ Level One (Statutory) Developer fee—the district must submit evidence that it is collecting developer fees at the maximum amount justified under law. If the district is not collecting at the current level, it must submit a copy of the current Developer Fee Justification Study identifying the level that can be collected. If the district can justify levying developer fees, it must submit a copy of the school board resolution authorizing the implementation of the fee.
- ▶ Level Two Developer fee—if the district is requesting approval for new construction applications, the district must submit evidence of Level I and Level II developer fees. If the district cannot justify a Level II developer fee that is higher than the current statutory (Level I) fee, the district must submit a copy of the Needs Analysis Study showing the calculation of the Level II fees. If the district can justify levying a higher fee, it must submit a copy of the school board resolution authorizing the implementation of the fee. Please note that Level II fees adopted by a school board resolution are only in effect for one year. A district may update their Needs Analysis Study at any time.
- ▶ Documentation verifying the district has made all reasonable efforts to meet the district's matching share requirements, such as one of the following:
 - Current bonded indebtedness of the district is at least 60 percent of the district's bonding capacity.
 - *The district must submit a copy of the current bonding capacity and outstanding bonded indebtedness, as certified by the County Auditor–Controller.*
 - The district had a successful registered voter bond election for at least the maximum amount allowed under Proposition 39 within the previous two years from the date of request for financial hardship status. The proceeds from the bond election that represent the maximum amount allowed under the provisions of Proposition 39 must be used to fund the district's matching share requirement for SFP project(s).
 - *The district must submit a copy of the bond pamphlet, certification from registrar of votes, documentation that the amount of the bond was the maximum amount allowed under Proposition 39, and current bonding capacity and outstanding bonded indebtedness, as certified by the County Auditor–Controller.*

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- The district's total bonding capacity at the time of the request for renewal of financial hardship status is \$5 million or less.
 - *The district must submit a copy of the current bonding capacity as certified by the County Auditor-Controller.*
 - Other evidence of reasonable effort as approved by the SAB.
 - *The district must submit a copy of the special appeal item approved by the SAB.*
 - ▶ Financial Hardship Project Worksheet for each project the district is requesting financial hardship assistance.

NOTE: These worksheets are only to be submitted for projects the district did not file an SAB 50-04 on prior to the district's previous six-month expiration. Example: If three of the district's four projects have already been submitted, and are scheduled for an SAB meeting, the district would only submit one project worksheet.
 - ▶ Expenditure Reports—Forms SAB 184 and SAB 184A for each project the district is requesting financial hardship.
 - ▶ Summary of why the district is requesting financial hardship. This can be a short paragraph detailing how the district qualifies for financial hardship.
 - ▶ Financial Hardship Worksheet for each Capital Project Fund shown in the district's latest independent audit report, as well as for any new fund created after that report.
 - ▶ Detailed expenditure report (such as an Excel spreadsheet) listing all expenditures as shown in the subsequent events column. For all FH reviews, we have to have a detailed list of the expenditures so that we can tie them back to previously approved encumbrances. All other expenditures will have to come out of the "interim housing" allowance applied.
 - ▶ Identification of all bonds and COPs authorized and sold to date of financial hardship request. If the district has unsold bonds or COPs, it must provide documentation regarding any possible restrictions on the use of these funds.
 - ▶ Identification and supporting backup documentation for any restricted funds.
 - ▶ Copy of complete latest independent audit report.
 - ▶ Listing of the district's unused sites and their intended purposes, or a statement that the district has no unused sites.
 - ▶ Current Enrollment Certification/Projection (Form SAB 50-01) and Existing School Building Capacity (Form SAB 50-02), so we can calculate the "interim housing" allowance. This allowance is only for interim housing for new construction projects; therefore, if the district is only requesting approval for modernization projects, this is not required.
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